

Adopted

Rejected

MINORITY COMMITTEE REPORT

MR. SPEAKER:

*A minority of your Committee on Ways and Means, which met on January 6, 2004, to consider House Bill 1002, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill **be amended** as follows:*

1

2 Page 1, between the enacting clause and line 1, begin a new
3 paragraph and insert:

4 "SECTION 1. IC 6-1.1-4-39, AS ADDED BY P.L.1-2004,
5 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
6 UPON PASSAGE]: Sec. 39. (a) For assessment dates after February
7 ~~28, 2005~~, **29, 2004**, except as provided in subsection (c), the true tax
8 value of real property regularly used to rent or otherwise furnish
9 residential accommodations for periods of thirty (30) days or more and
10 that has more than four (4) rental units is the lowest valuation
11 determined by applying each of the following appraisal approaches:

12 (1) Cost approach that includes an estimated reproduction or
13 replacement cost of buildings and land improvements as of the

date of valuation together with estimates of the losses in value that have taken place due to wear and tear, design and plan, or neighborhood influences.

(2) Sales comparison approach, using data for generally comparable property.

(3) Income capitalization approach, using an applicable capitalization method and appropriate capitalization rates that are developed and used in computations that lead to an indication of value commensurate with the risks for the subject property use.

(b) The gross rent multiplier method is the preferred method of valuing:

(1) real property that has at least one (1) and not more than four

(4) rental units; and

(2) mobile homes assessed under IC 6-1.1-7.

(c) A township assessor is not required to appraise real property referred to in subsection (a) using the three (3) appraisal approaches listed in subsection (a) if the township assessor and the taxpayer agree before notice of the assessment is given to the taxpayer under section 22 of this chapter to the determination of the true tax value of the property by the assessor using one (1) of those appraisal approaches.

(d) To carry out this section, the department of local government finance may adopt rules for assessors to use in gathering and processing information for the application of the income capitalization method and the gross rent multiplier method. A taxpayer must verify under penalties for perjury any information provided to the assessor for use in the application of either method."

Page 1, line 14, strike "one-half (1/2)" and insert **"fifty-five percent (55%)"**.

Page 2, between lines 21 and 22, begin a new paragraph and insert:

"SECTION 3. IC 6-1.1-21-3, AS AMENDED BY P.L.192-2002(ss), SECTION 40, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) The department, with the assistance of the auditor of state and the department of local government finance, shall determine an amount equal to the eligible property tax replacement amount, which is the estimated property tax replacement.

(b) The department of local government finance shall certify to the

1 department the amount of:

2 **(1) property tax deduction replacement credits provided**
 3 **under IC 6-1.1-21.9 that are allowed by the county for the**
 4 **particular calendar year; and**

5 **(2) homestead credits provided under IC 6-1.1-20.9 which are**
 6 **allowed by the county for the particular calendar year.**

7 (c) If there are one (1) or more taxing districts in the county that
 8 contain all or part of an economic development district that meets the
 9 requirements of section 5.5 of this chapter, the department of local
 10 government finance shall estimate an additional distribution for the
 11 county in the same report required under subsection (a). This additional
 12 distribution equals the sum of the amounts determined under the
 13 following STEPS for all taxing districts in the county that contain all or
 14 part of an economic development district:

15 STEP ONE: Estimate that part of the sum of the amounts under
 16 section 2(g)(1)(A) and 2(g)(2) of this chapter that is attributable
 17 to the taxing district.

18 STEP TWO: Divide:

19 (A) that part of the estimated property tax replacement
 20 amount attributable to the taxing district; by

21 (B) the STEP ONE sum.

22 STEP THREE: Multiply:

23 (A) the STEP TWO quotient; times

24 (B) the taxes levied in the taxing district that are allocated to
 25 a special fund under IC 6-1.1-39-5.

26 (d) The sum of the amounts determined under subsections (a)
 27 through (c) is the particular county's estimated distribution for the
 28 calendar year.

29 SECTION 4. IC 6-1.1-21-4, AS AMENDED BY P.L.245-2003,
 30 SECTION 19, AND AS AMENDED BY P.L.264-2003, SECTION 12,
 31 IS CORRECTED AND AMENDED TO READ AS FOLLOWS
 32 [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) Each year the department
 33 shall allocate from the property tax replacement fund an amount equal
 34 to the sum of:

35 (1) each county's total eligible property tax replacement amount
 36 for that year; plus

37 (2) the total amount of homestead tax credits that are provided

under IC 6-1.1-20.9 and allowed by each county for that year;
plus

(3) an amount for each county that has one (1) or more taxing districts that contain all or part of an economic development district that meets the requirements of section 5.5 of this chapter. This amount is the sum of the amounts determined under the following STEPS for all taxing districts in the county that contain all or part of an economic development district:

STEP ONE: Determine that part of the sum of the amounts under section 2(g)(1)(A) and 2(g)(2) of this chapter that is attributable to the taxing district.

STEP TWO: Divide:

- (A) that part of the subdivision (1) amount that is attributable to the taxing district; by
- (B) the STEP ONE sum.

STEP THREE: Multiply:

- (A) the STEP TWO quotient; times
- (B) the taxes levied in the taxing district that are allocated to a special fund under IC 6-1.1-39-5; **plus**

(4) the total amount of property tax deduction replacement credits that are provided under IC 6-1.1-21.9 and allowed by each county for that year.

(b) Except as provided in subsection (e), between March 1 and August 31 of each year, the department shall distribute to each county treasurer from the property tax replacement fund one-half (1/2) of the estimated distribution for that year for the county. Between September 1 and December 15 of that year, the department shall distribute to each county treasurer from the property tax replacement fund the remaining one-half (1/2) of each estimated distribution for that year. The amount of the distribution for each of these periods shall be according to a schedule determined by the property tax replacement fund board under section 10 of this chapter. The estimated distribution for each county may be adjusted from time to time by the department to reflect any changes in the total county tax levy upon which the estimated distribution is based.

(c) On or before December 31 of each year or as soon thereafter as possible, the department shall make a final determination of the

amount which should be distributed from the property tax replacement fund to each county for that calendar year. This determination shall be known as the final determination of distribution. The department shall distribute to the county treasurer or receive back from the county treasurer any deficit or excess, as the case may be, between the sum of the distributions made for that calendar year based on the estimated distribution and the final determination of distribution. The final determination of distribution shall be based on the auditor's abstract filed with the auditor of state, adjusted for postabstract adjustments included in the December settlement sheet for the year, and such additional information as the department may require.

(d) All distributions provided for in this section shall be made on warrants issued by the auditor of state drawn on the treasurer of state. If the amounts allocated by the department from the property tax replacement fund exceed in the aggregate the balance of money in the fund, then the amount of the deficiency shall be transferred from the state general fund to the property tax replacement fund, and the auditor of state shall issue a warrant to the treasurer of state ordering the payment of that amount. However, any amount transferred under this section from the general fund to the property tax replacement fund shall, as soon as funds are available in the property tax replacement fund, be retransferred from the property tax replacement fund to the state general fund, and the auditor of state shall issue a warrant to the treasurer of state ordering the replacement of that amount.

(e) Except as provided in subsection (i), the department shall not distribute under subsection (b) and section 10 of this chapter the money attributable to the county's property reassessment fund if:

(1) by the date the distribution is scheduled to be made, ~~(1)~~ the county auditor has not sent a certified statement required to be sent by that date under IC 6-1.1-17-1 to the department of local government finance; ~~or~~

(2) by the deadline under IC 36-2-9-20, the county auditor has not transmitted data as required under that section; ~~or~~

~~(2)~~ **(3) the county assessor has not forwarded to the department of local government finance the duplicate copies of all approved exemption applications required to be forwarded by that date under IC 6-1.1-11-8(a).**

(f) Except as provided in subsection (i), if the elected township assessors in the county, the elected township assessors and the county assessor, or the county assessor has not transmitted to the department of local government finance by October 1 of the year in which the distribution is scheduled to be made the data for all townships in the county required to be transmitted under IC 6-1.1-4-25(b), the state board or the department shall not distribute under subsection (b) and section 10 of this chapter a part of the money attributable to the county's property reassessment fund. The portion not distributed is the amount that bears the same proportion to the total potential distribution as the number of townships in the county for which data was not transmitted by ~~August 1~~ *October 1* as described in this section bears to the total number of townships in the county.

(g) Money not distributed ~~under subsection (e)~~ *for the reasons stated in subsection (e)(1) and (e)(2)* shall be distributed to the county when:

(1) the county auditor sends to the department of local government finance the certified statement required to be sent under IC 6-1.1-17-1; and

(2) *the county assessor forwards to the department of local government finance the approved exemption applications required to be forwarded under IC 6-1.1-11-8(a);*

with respect to which the failure to send *or forward* resulted in the withholding of the distribution under subsection (e).

(h) Money not distributed under subsection (f) shall be distributed to the county when the elected township assessors in the county, the elected township assessors and the county assessor, or the county assessor transmits to the department of local government finance the data required to be transmitted under IC 6-1.1-4-25(b) with respect to which the failure to transmit resulted in the withholding of the distribution under subsection (f).

(i) The restrictions on distributions under subsections (e) and (f) do not apply if the department of local government finance determines that:

(1) the failure of:

(A) a county auditor to send a certified statement; or

(B) *a county assessor to forward copies of all approved*

1 *exemption applications;*
 2 as described in subsection (e); or
 3 (2) the failure of an official to transmit data as described in
 4 subsection (f);
 5 is justified by unusual circumstances.

6 SECTION 5. IC 6-1.1-21.9 IS ADDED TO THE INDIANA CODE
 7 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON
 8 PASSAGE]:

9 **Chapter 21.9. Property Tax Deduction Replacement Credits**

10 **Sec. 1. The definitions set forth in IC 6-1.1-21 apply**
 11 **throughout this chapter.**

12 **Sec. 2. As used in this chapter, "county property tax**
 13 **deduction replacement amount" means the sum of a particular**
 14 **county's taxpayer property tax deduction replacement credits.**

15 **Sec. 3. As used in this chapter, "property tax deduction**
 16 **increment" means:**

- 17 (1) the value of a property tax deduction available under
 18 IC 6-1.1-12-37 (as in effect after December 31, 2003); minus
 19 (2) thirty-five thousand dollars (\$35,000).

20 **Sec. 4. As used in this chapter, "taxpayer's property tax**
 21 **deduction replacement credit" means:**

- 22 (1) the amount of a particular taxpayer's property tax
 23 deduction increment; multiplied by
 24 (2) the total net tax rate applicable in the taxpayer's taxing
 25 district.

26 **Sec. 5. (a) The department, with the assistance of the auditor**
 27 **of state and the department of local government finance, shall**
 28 **determine for each county an amount equal to the county**
 29 **property tax deduction replacement amount.**

30 **Sec. 6. For purposes of calculating tax rates, the county**
 31 **auditor shall add the sum of each county taxpayer's property tax**
 32 **deduction increments to the county's net assessed value.**

33 **Sec. 7. For purposes of calculating a particular taxpayer's tax**
 34 **bill, the county treasurer shall add the taxpayer's property tax**
 35 **deduction increment to the taxpayer's net assessed value.**

1 **Sec. 8. (a) Each year the taxpayers of each county shall**
2 **receive a credit for property tax deduction replacement in the**
3 **amount of each taxpayer's property tax deduction replacement**
4 **credit amount for taxes which under IC 6-1.1-22-9 are due and**
5 **payable in May and November of that year. The credit shall be**
6 **applied to each installment of taxes. The dollar amount of the**
7 **credit for each taxpayer shall be determined by the county**
8 **auditor, based on data furnished by the department of local**
9 **government finance."**

10 Page 2, between lines 30 and 31, begin a new paragraph and insert:

11 **"SECTION 7. [EFFECTIVE UPON PASSAGE] (a) IC 6-1.1-21-3,**
12 **and IC 6-1.1-21-4, both as amended by this act, apply only to**
13 **property taxes first due and payable after December 31, 2003.**

14 **(b) IC 6-1.1-21.9, as added by this act, applies only to property**
15 **taxes first due and payable after December 31, 2003."**

16 Renumber all SECTIONS consecutively.

(Reference is to HB 1002 as introduced.)

and when so amended that said bill do pass.

Representative Turner